HIGH DEDUCTIBLE HEALTH PLAN (HDHP) FAQs

What are the advantages of enrolling in a HDHP?

a. Premiums are typically lower than PPO plans.
b. If you are a low utilizer of your medical & prescription benefit you may able to save money.
c. You can combine your HDHP with a Health Savings Account that HAS a triple tax benefit. The triple tax benefit for the HAS is 1. Pre-tax payroll deductions, no tax on any interest accrued, and tax-free withdrawals for any qualified medical expenses. You may also withdraw your funds at the normal tax rate for non-qualified medical expenses when you are 65 or older without a penalty.

Are there any risks to enrolling in a HDHP?

a. While you will never pay more than your out-of-pocket maximum, HDHPs have higher annual deductibles and out-of-pocket maximum limits than traditional health plan options. With a HDHP, you pay for all of your health expenses except preventative care until you meet your annual deductible. Once your annual deductible is met the plan will begin cost sharing until you meet the annual out-of-pocket maximum. Once you meet the out-of-pocket maximum the plan will pay 100% for the plan year.
b. One key difference to note from a traditional PPO health plan is that you are required to meet your medical annual deductible before prescription drugs are covered under a coinsurance cost sharing. You are likely to pay more for your prescription drugs with a HDHP than a traditional PPO health plan.

Is my pharmacy and prescription drug benefit the same as other County plans?

No, your pharmacy benefit is not the same as the other County plans. Under the HDHP you are responsible for the full cost of your medications until you reach your annual deductible, there are no co-pays.

How does the annual deductible and out-of-pocket maximum (OOPM) work for the HDHP?

a. The HDHP Plan has an aggregate deductible and embedded out-of-pocket maximum.
b. For Employee only coverage this means you will have to pay for medical and pharmacy expenses up to the individual deductible amount until the plan co-insurance, or cost sharing, benefits begin. You will pay no more than the plans individual out-of-pocket maximum.
c. For employees with dependents, your family will have to pay for medical and pharmacy expenses up to the family deductible amount anytime anyone utilizes services. You can meet the family deductible because of medical care to one person or from expenses incurred by the entire family. Once the family deductible is met, the co-insurance or cost sharing benefits of the plan begin until the out-of-pocket maximum limits are met. Once an individual meets the individual OOPM, the plan will pay 100% of all covered expenses for that person, even if the family OOPM has not been met. Once the family OOPM is reached the plan must pay 100% of all covered expenses for everyone — regardless of whether each family member has reached the individual maximum.

Is a HDHP right for me?

HDHPs are not right for everyone and there are many factors to consider before enrolling in this plan type. While many people may initially be skeptical of HDHPs, they can be a reasonable choice for many and can be particularly valuable if you know how to use them effectively. For individuals covered by a HDHP, an HSA offers several benefits. Money that may otherwise be lost to high premiums could be invested in a tax-free, interest-bearing HSA and withdrawn tax-free for qualified medical expenses, resulting in a triple-tax savings. For those with higher medical expenses who are also financial planners, a HDHP combined with an HSA still may provide overall cost savings as compared to a traditional plan with higher premiums and out of pocket maximums. A HDHP can also be a good option for a healthy young employee with few anticipated medical needs.

HEALTH SAVINGS ACCOUNT (HSA) FAQs

Do my HSA contributions roll over?

Yes, HSA contributions roll over year to year and you can invest some your savings once you have accumulated a certain amount in the account. There is a limit to how much you can contribute annually, but there is no limit to how much you can rollover year to year.

Am I required to enroll in the HSA if I enroll in the High Deductible Health Plan?

You are not required to enroll in an HSA when you enroll in a HDHP, but it is highly recommended you do & contribute at least the amount of your deductible in the event you have an unexpected medical expense. You cannot enroll in the HSA if you are not enrolled in the HDHP.

Do my medical expenses have to occur in the same year as the contribution like an FSA?

No, because your contributions roll over year to year, your medical expenses do not have to occur in the same year as your contributions. You can build up your HSA during the years you have low medical expenses to help you out during the years you have a high volume of medical expenses.

Can I contribute both to a Healthcare FSA and an HSA if I am enrolled in the HDHP?

No, the IRS does not allow you to contribute to both an HSA and a full Healthcare FSA. However, you do have the option to pair your HSA with a Limited Purpose Dental & Vision FSA. You can enroll in the regular Dependent Care FSA even if you are enrolled in the HSA.

What are my options for withdrawing from my HSA?

1. You can always withdraw tax-free from your HSA for qualified medical expenses.
2. If you are under age 65 you can withdraw from your HSA for non-medical expenses, but you will be subject to regualr tax rates and a 20% penalty.
3. If you are over age 65 you can withdraw from your HSA for non-medical expenses, but it will be subject to regular tax rates. There will be no penalty.

What happens to my HSA if I separate or retire from the County?

The HSA is portable; it goes with you if you leave employment.

Are there any eligibility requirements to contribute to an HSA?

Yes. IRS requirements include; you must be enrolled in a HDHP, you cannot be covered by another medical plan that is not a HDHP, you cannot be enrolled in Medicare, you cannot be claimed on another person's tax return and you cannot be covered by a spouse's Healthcare FSA. For more information on HSA eligibility, contact your tax advisor or review the IRS' guidelines here. It is your responsibility to determine your eligibility before enrolling in the HSA.

How do I access my HSA funds when I have a qualified medical expense?

When you enroll in the HDHP, an account will be set up for you with the County's HSA administrator, SmartCare. You will receive a welcome email and packet from SmartCare with information on how to access your account. You will have access to a convenient debit card that you can just swipe for qualified medical expenses. If you pair your HSA with a Limited-Purpose Dental & Vision FSA, you can use the same debit card for both accounts and it will know which account to withdraw the funds from based off of what you are purchasing. You can also submit claims through the My SmartCare app or the website if you do not wish to use the debit card.